Employer Implementation Notebook

Kentucky Retirement Systems

This Employer Implementation Notebook provides you with an overall view of your agency's upcoming implementation activities, a "conceptual" non-technical view of the START system from a business function standpoint, and detailed, step-by-step instructions about how to lead your agency through each part of the START implementation.

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1 Introduction and Purpose of Employer Implementation Notebook

The START project, also known as the **S**trategic **T**echnology **A**dvancements for the **R**etirement of **T**omorrow, will replace the technology tools that KRS has been using for almost 30 years. Although our current systems have served our staff and our customers effectively, now is the time for KRS to modernize its practices and technologies. START will significantly alter the way KRS conducts business and serves its customers, all of whom will be linked by the new, web-based system.

The START project has been implemented in phases. In September 2009, KRS went live with our Imaging system and Retiree Payroll. The Employer Reporting and Active Member Implementation phase, tentatively scheduled to go live in December 2010, is the final phase of the START project. The success of this phase of the project and its implementation rests partly with you, the participating employer.

This Employer Implementation Notebook, hereafter referred to as the "Notebook", provides you with an overall view of your agency's upcoming implementation activities, a "conceptual" non-technical view of the START system from a business function standpoint, and detailed, step-by-step instructions about how to lead your agency through each part of the START implementation. It also provides you with information about how to use and maintain the Notebook, what types of information will be available in subsequent releases, and where you can find additional supporting information on the Internet.

The Notebook is a working document and will be added to and changed over time. This release, Release One, contains information that you need to get started on implementation at your agency. Subsequent releases will contain sections regarding testing, certification, training, and go live preparations, and may also supply revisions and updates to applicable parts of previous releases.

1.1 How to Use this Notebook

The Notebook is organized to guide you through implementation. As mentioned previously, it is a working document and will change over time. Updating the Notebook with current and new materials will be an important part of ensuring accuracy and consistency across employers.

Each separate chapter within the notebook contains information about different elements of implementation. There are also appendices that house the implementation checklist tasks and forms. A copy of the Notebook, checklists, and forms is on the Internet at http://kyret.ky.gov/index.php/employers/start

There will be three more releases of the Notebook. Dates of further releases are planned as follows:

- Release Two – Late Spring 2010.
- Release Three – Summer 2010
- Release Four – Fall, 2010

Although these are the planned release dates, all project dates are tentative and subject to change.

1.2 Employer Implementation Notebook Maintenance

As updates and new releases to the Notebook are made available on the Internet, you will be notified via e-mail. If the new material is a replacement for existing content, and you have printed a hard copy, please remove and discard the old material. Instructions for replacing and inserting updates will be provided with each release. New releases will be made available on the START Employer website at http://kyret.ky.gov/index.php/employers/start

2 START Implementation Approach

The objective of the START Implementation approach is to ensure that each participating employer is able to successfully implement START, to the benefit of both the employer and the Kentucky Retirement Systems. Accomplishing this objective will require participating employers to effectively plan and complete all activities related to the implementation of the new START system. This will require active participation on the part of participating employer reporting officials, as well as other key staff.

Recognizing this, the START project team and Kentucky Retirement Systems have assumed a significant responsibility in supporting participating employers to ensure their success and have planned accordingly. In fact, the START project team has already begun implementation assistance to participating employers through communications and START Orientation meetings. This support and assistance will continue for all participating employers through the implementation of the START system and beyond. KRS has developed a comprehensive employer rollout plan to ensure that employers have the foundation necessary to implement START, understand how to use it effectively, and successfully plan and carry out the implementation activities necessary for go live, tentatively scheduled for December 2010.

Employers should be familiar with the additional detail required to be reported for all employees on the monthly detail report. For employers who will report via a detail monthly file, modifications to existing systems may be required to comply with the START reporting requirements. For employers who will report using the enter details module on Employer Self-Service, a coordination of agency resources may be necessary as both payroll and human resource information will be required.

2.1 Checklists as Part of Implementation

Many checklists will be provided with the Notebook. The checklist process is a key implementation management tool to help the KRS START Project Team evaluate the readiness of participating employers and offers the best mix of technical, functional and project management assistance to those employers. The checklists will include a specific listing of tasks to be completed by each employer by a specified date. The tasks for each checklist are outlined in Appendix A. This variety of checklists will help participating employers know which steps should be taken and when, and the submission of these checklists will help KRS identify which employers may be having difficulty with the implementation process.

Checklists will be completed and submitted as electronic documents to KRS. The checklists will be located online to complete by the prescribed due date. A link for each checklist will be provided in Appendix A: Checklist Tasks for the corresponding set of tasks. Checklist due dates will be noted at the top of each checklist and posted in the “Key Dates” section of the KRS Employer website as they are developed.

It is important to note that Employers should not sign off on checklist tasks until those tasks are completed by the employer. By submitting a completed checklist, employers are certifying to KRS these tasks have been completed.

2.2 Key Roles and Responsibilities in the Implementation Process

The START Implementation Approach addresses not only the tasks to ensure successful implementation by participating employers, but also provides for direct assistance to those employers from KRS staff. Implementation assistance in particular has been organized into specific roles to ensure both adequate coverage and focus within areas of expertise.

These key roles include:

1. **Employer Implementation Lead (Lead)**: Each Employer Implementation Lead for START will be involved in all aspects of converting to START at the employer level. The designated reporting official at each employer will be considered the Employer Implementation Lead, unless your agency otherwise notifies KRS. Implementation will involve coordinating all efforts necessary to bring your agency into compliance with the new reporting methods. Each Lead will use this Employer Implementation Notebook as a guide through the processes involved in implementation. The Lead will be responsible for ensuring the tasks outlined on the checklists included in this notebook are completed and that the checklists are submitted to KRS in a timely manner. In addition, each Lead will be responsible for sharing information related to the implementation of START to any relevant staff at their own agency.

2. **Employer Administrator**: The Employer Administrator will be responsible for maintaining user accounts at an agency for Employer Self Service. This includes setting up and assigning roles to additional users and managing credentials. The employer administrator may reset passwords and employer PINs as well as disabling credentials for users who are no longer employed.

3. **KRS Employer Rollout Team:** KRS staff dedicated to support the implementation of the new reporting methods within START for all participating employers. This team will serve as liaison between participating employers and KRS in relation to all implementation concerns for START.

4. **KRS Technical Support Staff:** KRS Technical support staff will assist with the technical needs of both KRS and participating employers as necessary. While employers will directly contact the KRS Employer Rollout Team, the Technical Support Staff will be available to address questions when necessary.

In order to ensure a successful implementation, each participant in this process must fulfill their responsibilities as outlined below:

1. The **Employer's** responsibilities include:
   - Reviewing all communications regarding START Employer Reporting
   - Completing required checklists as provided in the Employer Implementation Notebook in a timely manner. Links for checklists will be provided in the Notebook and posted online at http://kyret.ky.gov/index.php/employers/start.
   - Providing staff and/or technology resources required for the implementation of START Employer Reporting and Employer Self- Service
2. The **KRS Employer Rollout Team's** responsibilities include:
   - Providing the START Employer Implementation Notebook and future updates to employers throughout implementation
   - Responding to employer inquiries about START as quickly and efficiently as possible
   - Training and supporting employers

Ultimately, successful implementation of START by participating employers rests with the employers. KRS is committed to the success of the START project and is assured that our Employer Implementation Approach provides the tools, resources, and materials for this objective to be realized.

3 Employer Reporting Overview

The current methods of reporting monthly wage and service information via paper, KRSPay4, and diskette will no longer be offered once START goes live; therefore, all employers will have to change their method of reporting when START is implemented.

With START, Employers will have the ability to report via a monthly file that will be uploaded to KRS (recommended for those with 100 or more employees) OR by entering the required information monthly into the Enter Report Details module of our Employer Self-Service website (recommended for those with less than 100 employees)

Besides updating the method in which an employer can report to KRS, the START Project will also introduce other new concepts for employers:

Employer Self-Service (ESS): Each employer will use the Employer Self-Service (ESS) site to submit the detail report, monthly summary, and contributions each month. Employer contact information, payment information, invoices, Member ID download, and monthly packets will also be maintained through ESS. Employers will also be able to report employee deaths, calculate sick leave costs, and register for seminars through ESS.

Member ID: Each employee reported to KRS (including non-participating) will be assigned a unique number as a personal identifier. All correspondence regarding the member will reference this number in place of the Social Security number.

Employer Code: The Employer Code will be a 4 or 5 digit alphanumeric identifier that replaces the unit number previously assigned to employers. The Employer Code effective in START was sent to the reporting official of each employer via a START Codes sheet in January 2010. You will need this code to complete the checklists associated with the Notebook.

Employer Consolidation: Most employers that previously reported two or more unit numbers will now be combined under one Employer Code. Each employer will file only one report per code. This could mean combining hazardous and nonhazardous employees on the same report, or KERS and CERS employees on the same report. If you are utilizing the Enter Report Details module of ESS, you will submit KERS and CERS detailed records separately, if applicable. In addition, if you are reporting employees in both KERS and CERS, you will need to complete separate summaries for each retirement system each month. If your unit numbers were consolidated into one employer code, you received that information on the START Codes listing mailed in January 2010.

Hazardous Positions: As always, only those employees in approved hazardous positions may be reported as hazardous to KRS. In START, web reporters will only be able to choose from a dropdown listing of approved positions, while file reporters must use an approved hazardous code in order for the entry to be accepted. Each employer was sent a listing of approved hazardous positions and codes on the START Codes listing mailed in January 2010.

Reporting Employer: A Reporting Employer submits the monthly report for another participating employer. The Reporting Employer will submit one monthly file for all employers. Example: The City of Somewhere completes the detail report for all city employees (one employer code) and for the Somewhere Public Library (another employer code). *KRS must be made aware if your agency will use a different reporting entity, including a third-party provider.*

Balancing Employer: A Balancing Employer submits the monthly summary and payment for another participating employer. The Balancing Employer will complete one monthly summary for all employers in each system. Example: AAA Accounting Firm submits the summary and payments for City of Someplace and Someplace Water District. *KRS must be made aware if your agency will use a different balancing entity, including a third-party provider.*

Contribution Groups: The employer will assign each employee to a contribution group that will be used to validate rates reported to KRS for employee, employer and health insurance contributions. These will also be used to indicate in which system an employee participates and whether an employee is in an approved hazardous position.

Contribution Group Categories:

•Without Health Insurance Contribution
•With Health Insurance Contribution
•Retired Reemployed (Employer-only contributions)
•Non-Participating

Non-participating employees: KRS is requiring the reporting of all non-participating employees in the new START system. This requirement helps to ensure compliance to various KRS statutes and to validate the non-participating status of your employees. So, if an employee is part-time with you, but full-time with another employer in the same system, KRS can inform you in a timely manner that the employee needs to be reported, instead of having to bill for omitted contributions later. KRS will also be able to notify you when a seasonal or temporary position has reached it statutory time limit - again avoiding an unexpected liability for omitted contributions.

Report Month: The report month is the period for which the employer is submitting the report.

Posting Month: The posting month indicates the period to which a transaction will be applied. This should usually be the same as the report month, but can be used to designate where wages should be applied in instances of retroactive payments and prior period adjustments, or to correctly award service credit for the first and last months of employment.

Employer PIN: Each user of ESS will be issued a PIN. The PIN will need to be entered for any financial transactions. If forgotten or lost, the Employer Administrator will be able to reset the PIN.

4 START Project Communication

The START Project Implementation Team has developed a comprehensive communication strategy for START. This strategy includes a variety of activities designed to inform stakeholders of START progress, milestones and future events in preparation for START implementation. .

To ensure that participating employers receive necessary START communications, the following processes have been implemented:

- Employers designate START communication contacts, including their Employer Implementation Lead (Lead), who is responsible for ensuring communication within their organizations and encouraging two-way interaction between employers and the START Project Team.

- KRS will provide communications material as needed to ensure clear, frequent and consistent messages to employers. That material will be sent to the Lead and to all contacts included on the START distribution list as indicated on the START Employer Information Survey. Employer communication methods include:

    - **KRS Newsletters:** Please review all general newsletters from KRS for START Employer information.

    - **Letters & Emails:** Any necessary communication regarding START will be sent via regular and/or electronic mail if not included in a KRS Newsletter.

    - **START Employer Website:** http://kyret.ky.gov/index.php/employers/start will contain all relevant documentation as well as Employer FAQs and will be updated regularly.

5 START Security Overview

The Kentucky Retirement Systems understands the importance of securing the information of our members, retirees, and employers, and is focused on developing secure methods to exchange data with our customers. It is equally important that employers recognize their critical role in the submission and protection of employee and financial information.

With START, KRS is providing a new foundation for the secure exchange of information with employers. Using START, employers will file monthly service and contribution reports, exchange important employee information, and remit contribution amounts electronically and securely.

Given START's enhanced features, employers will identify and create 'roles' for their staff members that will be authorized to use the functions of the system on behalf of an agency. Employer participation in the administration of security for your agency is critical and essential to a successful START implementation. It is this employer participation and administration that provides the agency-specific information for the START system.

More detail about specific administration duties and activities will be forthcoming in subsequent releases of this implementation notebook.

6 START Project Timeline for Employers

Implementation activities for employers are categorized into four main areas: Development, Certification, Training, and Go Live. Certification, Training, and Go Live activities for employers will be detailed in following releases of the Notebook. An approximate timeline for these activities is as follows:

- Development: September 2009- Summer 2010
- Certification: Late Summer 2010- December 2010
- Training: Fall 2010
- Go Live: December 2010

Please be aware that as the project progresses, timelines may change. In future releases of the Notebook, updated and more specific timelines will be provided.

Glossary of Key Terms

Click a letter to link to that section in the glossary
A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

A

B

Balancing Employer: An employer who submits the monthly summary and payment for another participating employer.

Bonus: Bonus pay is defined as pay received which is in addition to the usual and expected. A sum of money granted or given to an employee in addition to regular pay, usually in appreciation for work done, length of service, accumulated favors, etc.

C

Contribution Group: Each member belongs to a Contribution Group. Contribution Group is a field within the monthly report which is used to "organize" employees into different contribution rate categories (typically based on their participation date). Furthermore, Contribution Group is used to validate the contribution amounts for each member being reported to KRS.

Creditable Compensation: Creditable Compensation consists of all salary, wages, tips, and fees, including payments for compensatory time, paid to a member as a result of services performed for the employer, including time when the member is on paid leave, which are includable on the member's federal form W-2. Compensatory payments should only be reported as Creditable Compensation for members whose participation date is prior to 9/1/08. Creditable Compensation does not include Workers' Compensation or lump sum payments for accrued vacation or sick leave, except as provided in KRS 78.616 (5).

D

Diskette Reporting: A method of reporting to KRS in the Legacy system where the monthly report information is saved to a CD/Diskette and then mailed to KRS. This reporting method will be discontinued when the START project goes live.

E

ECheck: A method of electronic payment wherein the user enters specific information from a paper check into the Employer Self-Service website, and the payment is directly debited from the bank account using the information entered, including the check number.

Edits: A series of business rules that each detailed record must pass when being processed by KRS. Records that fail these edits will be considered in Error and will have to be corrected before they can be posted to a member's account.

Emergency: Positions in KERS and CERS limited to thirty (30) working days and not renewable.

Employer Administrator: The individual selected by each employer to administer the users of the Employer Self-Service site for that particular employer. This person is responsible for setting up new users and maintaining those user accounts.

Employer Code: A four or five-character number that identifies each employer. This code replaces the previously used unit number.

Employer Compliance and Education (ECE) Representative: A KRS employee who acts as a liaison between KRS and the employer. The ECE Representative provides assistance answering questions surrounding employer reporting and to ensure your compliance to state and federal statutes, administrative regulations, and KRS policies and procedures. This representative used to be referred to as the Field Rep for your agency. Please click here to find your ECE Representative.

Employer Contribution Record Layout: A format provided by KRS to be used by those wishing to report via an uploaded detail file each month. This layout serves as a blueprint for the monthly report.

Top of Glossary

Employer Implementation Lead (LEAD): The person from each employer who is overseeing implementation of the START Project on a local level. The designated reporting official at each employer is the Lead, unless your employer has indicated otherwise to KRS.

Employer PIN: A unique PIN will be assigned to each Employer Self-Service user upon registration and will need to be entered on Employer Self-Service whenever a financial transaction is made.

Employer Rollout Team: A dedicated group of KRS staff responsible for ensuring all employers are prepared and educated to use the new START system prior to go live.

Employment Begin Date: The Employment Begin Date must be entered for new hires, re-hires, changes in Contribution Groups, changes in Position Status, and changes in Job Position.

Employment End Date: Employment End Date represents the date a member terminates employment, or changes Contribution Groups (e.g. hazardous to non-hazardous), Position Status or Job Position with the same employer.

Enter Report Details Module: The series of screens within Employer Self-Service that will be used to enter monthly report details for each employee if the employer is not submitting a file for the monthly report.

F

File Layout: See Employer Contribution Record Layout

G

Go Live: Go Live for the START system is when the system will be “turned on” for external and KRS use.

H

I

Installment Purchase of Service (IPS): Payments deducted from a member’s salary for the purchase of service credit per an existing contract between the member and KRS.

Interim: Positions in KERS established for a one-time or recurring need, not to exceed nine (9) months.

Intermittent: Position status for those employees who receive creditable compensation which must be reported to KRS, however maintain a sporadic work schedule and may not earn wages every month.

Invoice: An electronic bill or electronic credit issued to an employer through Employer Self-Service. Some examples of invoices include the monthly reporting invoice, Employer Omitted billings, Standard Sick Leave billings and Health Insurance Reimbursement billings.

J

K

KRSPAY4: KRSPAY4 is a software program developed by KRS in response to security concerns and the passing of House Bill 1 in 2008. KRSPAY4 is not the START project, and its use will be discontinued when the START project goes live.

L

Legacy System: This refers to the current system(s) in place at KRS, most regularly the AS400 processing system.

Top of Glossary

M

Membership Participation Date: Membership Participation Date is the date a member first contributes to KRS by way of contributions submitted through employer reporting.

Monthly Packet: An electronic packet that will be accessible by employers through the Employer Self-Service site. This packet will contain various reports generated by the START system to inform employers of reporting errors and necessary changes to monthly reporting.

Monthly Summary: The electronic summary of monthly contributions, this submission will contain totals for the monthly report and will allow for payment of the monthly contributions.

N

O

P

Part-Time: Positions in KERS and CERS which may be permanent but require less than a calendar or fiscal year average of one hundred (100) hours of work per month.
Exception: Part-time noncertified school board positions are positions that require an average of less than 80 hours of work per month over actual days worked in a school year. If an employee is working in more than one job in the same system, a combination of hours will be used to determine eligibility.

Position Status: Position Status is used to determine retirement contribution eligibility. Salary and contributions are to be reported for regular full-time positions.

Posting Month: A Posting Month is the year and month to which the transaction is to be applied. START uses Posting Month to differentiate regular contributions, prior period adjustments, and retroactive payments.

Note: Report Month and Posting Month will normally be the same date unless reporting a retroactive payment or prior period adjustment.

Pre-billing: A method of reporting to KRS in the Legacy system where the monthly report information is manually entered on the Pre-billing report and mailed to KRS. This reporting method will be discontinued when the START project goes live.

Prior Period Adjustment: Prior Period Adjustments are identified as transactions submitted to rectify errors in a previously submitted transaction. The Posting Month indicates the month to which the adjustment is to be applied.

Probationary: Positions in CERS not to exceed twelve (12) months and not renewable. Also referred to as temporary. Probationary periods in KERS and SPRS are required to be reported to KRS as regular full-time.

Q

R

Regular Full-Time: Positions in KERS, CERS, and SPRS that average one hundred (100) or more hours per month over a calendar or fiscal year. Exception: noncertified school board employees are required to average eighty (80) or more hours per month over actual days worked within a school year.

Regular Full Time Less Than 12 Months: Positions in KERS or CERS that are held by regular full-time employees who do not work 12 months per year but are paid over 12 months, excluding classified employees of local school boards.

Report Month: A Report Month is the year and month for which the employer is submitting the contribution report. A START employer contribution file must only contain records for one unique report month.

Reporting Employer: A Reporting Employer is an employer who submits the monthly report for another participating employer.

Top of Glossary

Reporting Official: The Reporting Official is the person designated by each employer as the primary contact for KRS.

Retroactive Payment: Retroactive Payments are identified as transactions submitted for Posting Months prior to the Report Month.

S

Seasonal: Positions in KERS and CERS which are temporary in duration, which coincide in duration with a particular season or seasons of the year and which may recur regularly from year to year and are limited to nine (9) months, with the exception of noncertified school board employees which shall not exceed six (6) months.

Secure Email Portal: A secure email solution that protects confidential information exchanged between KRS and participating agencies. The portal uses strong encryption to safeguard the confidentiality of email communications and greatly reduces the risk of costly disclosures that could put our members at risk of identity theft and other fraudulent activity. To register for the secure email portal, please click here for the User Manual.

Severance Pay: Severance Pay is defined as additional pay sometimes given to an employee when his/her employment ends.

Special Pay: Special Pay is considered part of current rate of pay and could be paid bi-weekly, monthly, quarterly, or yearly. Special pay should be reported with a payment reason **01;** Regular Pay With Additional Creditable Compensation.

START System: START is an acronym for Strategic Technology Advancements for the Retirement of Tomorrow. The new START system will replace all software currently in use at KRS and will replace all previous methods of Employer Reporting.

State Funded Expenses: State Funded Expenses refer to annual expenses with an allowance of $3,600 payable to jailers, sheriffs, and county judge executives for performance of duties.

T

Temporary: Positions in KERS not to exceed nine (9) months and positions with CERS not to exceed twelve (12) months (also referred to as probationary under CERS) and not renewable.

U

User Acceptance Testing (UAT): UAT allows a larger group of KRS users to run the new START System against a variety of test scripts to determine that the system functions as designed and as necessary for proper implementation. The testing will include validations of functionality and well as other requirements.

V

Vendor Acceptance Testing (VAT): VAT is performed by a core group of KRS and START Project staff to ensure that processes in the new START System are complete and functioning correctly.

W

X

Y

Z

Appendix A: Checklist Tasks

Tasks for Initial Readiness Checklist

The following list provides a set of tasks which need to be completed by each employer for the Initial Readiness Checklist which is due **April 16, 2010.** Upon completion of all tasks, please use the link below to access an electronic version of the Initial Readiness Checklist for submission to KRS. Employers will be prompted to enter the START employer code on the checklist. This code was provided in the January 6th mailing to all employers. If you need your START employer code, please contact the START Employer Hotline at 888-696-8810, Option 4.

Please do not print the following list and submit to KRS. If you have trouble accessing the electronic version of the checklist, please contact the START Employer Hotline at the above number.

Tasks for all Employers

- Read the Employer Implementation Notebook
- Confirm completion of the START Employer Implementation Survey, or complete the survey at http://kyret.ky.gov/start_employer_survey.pdf if this task has not been performed.
- Make final determination of how your agency will report in START: file or web
- Appropriate personnel (e.g. HR, Payroll, IT, Reporting Official) should review the most current version of the File Layout
- Review the Employer FAQ's
- Make your agency head aware of the changes that KRS is making with the START project
- Determine Employer Implementation Lead
- Register for secure email
- For employers with hazardous positions: Review the listing of hazardous positions and if necessary, contact your field rep to get additional positions approved

Tasks for File Reporters:

In addition to the above tasks, the following tasks should also be completed by File Reporters:

- Forward the most current version of the File Layout to your IT staff and/or Third-Party File Provider
- Forward the most current version of the Member ID File Download format to your IT staff and/or Third-Party File Provider
- Forward the sample file to your IT staff and/or Third-Party File Provider
- Forward the START Codes (for hazardous positions) listing to your IT staff and/or Third-Party File Provider
- Determine if any modifications are necessary to your current system
- Begin development of the file

Tasks for Web Reporters:

In addition to the above tasks, the following task should also be completed by web reporters:

- Determine how to access all information that will be required through monthly reporting

To complete the electronic checklist, click here: Initial Readiness Checklist

Appendix B: Helpful Resources

Click the title to be directed to the resource.

START Employer FAQs

START Orientation PowerPoint Presentation

START Employer Information Survey

Employer Contribution Record layout (file layout)

Sample File

Sample File Key

Member ID Download File Format

Secure Email User Guide

KRS START Employer Rollout Team